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SUBJECT: ZIM NOTES 12-21-2009

¶1. SUMMARY

Potential Progress on Negotiations?

No Surprises at ZANU-PF Congress...

Moyo Rises from the Ashes...

Journalists Seek Nullification of ZUJ Election...

Mugabe Commandeers Plane to Deliver Climate Rant...

Central Bank Law on Hold...

Food Markets Still Balkanized...

Australia Boosts Assistance to Agricultural Sector...

Tobacco Farmers Start Drawing on Bank Facility...

Bindura Nickel Corporation to Resume Operations...

On the Political and Social Front

¶2. Multiple local news outlets reported this week that the six party negotiators have agreed on 15 of 21 contentious issues that one or more of the parties believe are undermining the inclusive government. Resolved issues apparently include unspecified media reforms, "pirate" radio stations such as VOA that are broadcast into Zimbabwe, and a land audit. Remaining unresolved issues include the appointments of Reserve Bank Governor Gideon Gono and Attorney General Johannes Tomana, the refusal to swear in Roy Bennett as Deputy Minister of Agriculture, and the division of governorships. These issues are likely to be referred to the three principals, Mugabe, Tsvangirai, and Mutambara, though the negotiators intend on meeting throughout the upcoming weekend.

¶3. ZANU-PF concluded its five-year Congress on December 12 by reelecting President Robert Mugabe to another term, as well as completing the appointments of Joice Mujuru and John Nkomo as Vice Presidents, and Simon Khaya Moyo as Party Chairman. Though rumors abounded, no challenges arose from the estimated 5,000 delegates attending the Harare-based event. The party attempted to use the Congress to quell party discontent, while blaming western sanctions

and the MDC for ZANU-PF's poor performance in the 2008 elections. Several published resolutions sought to encourage President Jacob Zuma's South African facilitation team to adopt a more patient and ZANU-PF friendly approach. Mugabe also raised the possibility of holding elections earlier than anticipated and warned the MDC not to interfere with the security forces. See Harare 976.

¶14. Controversial politician Jonathan Moyo completed his phoenix-like return to the good graces of ZANU-PF by being elected into the party's Central Committee at the recently-concluded Congress, and may soon land a position in the party's top echelon, the politburo. Moyo won his Tsholotsho seat running as an independent in 2008, though some of his constituents will no doubt be surprised to find they are now residents of a ZANU-PF constituency. Moyo had been banished from the party through his involvement in the failed Tsholotsho incident in 2004 where he was central in efforts to elevate Emmerson Mnangagwa's succession prospects.

¶15. December 17, two correspondents of VOA Studio 7 for Zimbabwe -- Godwin Mangudya and Frank Chikowore -- and two other freelance QGodwin Mangudya and Frank Chikowore -- and two other freelance journalists launched a court application seeking to nullify results of a recent election held by the Zimbabwe Union of Journalists. The election, whose venue was kept secret to most journalists until the day of the election, elevated Dumisani Sibanda, the news editor of the government-controlled weekly, The Sunday News, to President, and former President Mathew Takaona to a consultant position. Mangudya, who planned to throw his hat in the ring, is seeking an order to void the election on grounds that the process was biased.

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¶16. Mugabe and his 59-member delegation left this week to attend the Copenhagen climate change summit where he attacked the West for environmental hypocrisy. The group took an Air Zimbabwe plane, leaving passengers planning to travel to London to fend for themselves. PM Tsvangirai had planned on attending the summit with his own 19-member delegation, but pulled out at the last minute. Mugabe's group includes his wife Grace who enjoys her overseas shopping opportunities and once famously said in response to a question on her expensive footwear, "I have very narrow feet so I only wear Ferragamo."

On the Economic and Business Front

¶17. The Herald reports that the Senate has deferred debate on amendments to the Reserve Bank of Zimbabwe law. The paper says ZANU-PF senators want to make changes to the bill. Finance Minister Biti has also told us he fears the legislation is stalled for now. See Harare 987.

¶18. On the road recently with USAID consultants, we saw that rural food markets are still creaky despite the abolition of the Grain Marketing Board's monopoly. Remote rural markets are not integrated due to poor road and telecommunications infrastructure, which makes them largely inaccessible. A village with food surplus may co-exist next to another village that has a food deficit. So for now it seems food aid to deficit areas need not have a negative effect on production in the food surplus areas. Better communication infrastructure -- for instance, roads and cell-phone towers -- would be a good way to get markets working, if only the GOZ had the money.

¶19. Australia announced it was donating US\$4.4 million to Zimbabwe through the Africa Enterprise Challenge Fund -- an Africa-wide initiative led by the UK and the Netherlands -- to boost Zimbabwe's rural economy by establishing seed distribution businesses and enable small loans to farmers. The assistance marks an effort by Australia to move beyond short-term relief to Zimbabwe.

¶10. According to the Tobacco Industry Marketing Board (TIMB), small-scale tobacco growers have started drawing on a US\$2.3 million facility offered by the Commercial Bank of Zimbabwe to purchase fertilizers and chemicals. The facility is scheduled to assist 3,500

tobacco farmers. The TIMB identifies the main problem as being the slow pace at which fertilizer companies push their product onto the market. Outgrower schemes set up by tobacco companies deliver inputs to at least three times as many farmers, and they have had more success than the TIMB at procuring fertilizer.

¶11. Once the country's largest producer of nickel, BNC suspended operations more than a year ago. But now the mine is set to re-open following an upturn in nickel prices and stability in the local economy. Bindura's parent company, Mwana Africa, said in a statement accompanying its half-year results that operations can be restarted accompanying its half-year results that operations can be restarted with very limited capital expenditure.

Quote of the Week

¶12. "The elections are not very far off, the inclusive government was given a short life, 18 months, 24 months, and so the remaining part of its life is very short."

-- An excerpt from President Robert Mugabe's closing remarks at the ZANU-PF Congress on December 12.

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